

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

M. DIANE KOKEN, in her official capacity	:	
as Insurance Commissioner of the Commonwealth	:	
of Pennsylvania, as Liquidator of RELIANCE	:	CIVIL ACTION
INSURANCE COMPANY (IN LIQUIDATION)	:	
	:	
Plaintiff,	:	
	:	
v.	:	
	:	NO. 05-CV-223 (SLR)
GPC INTERNATIONAL, INC.	:	
	:	
Defendant.	:	
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GPC INTERNATIONAL, INC.	:	
	:	
Third-Party Plaintiff,	:	
	:	
v.	:	
	:	
ZURICH-AMERICAN INSURANCE COMPANY	:	
	:	
Third-Party Defendant.	:	

DECLARATION OF EDWARD BRACE

Edward Brace hereby declares:

1. I am Vice President – Operations of Reliance Insurance Company (in Liquidation) (“Reliance”) and am authorized to make this declaration on behalf of plaintiff in this matter.
2. By Order dated October 3, 2001 (the “Liquidation Order”), the Commonwealth Court of Pennsylvania placed Reliance into liquidation. A true and correct copy of the Liquidation Order is attached as Exhibit “A” hereto.

3. Upon expiration of a ninety day transition period following the Liquidation Order, Reliance ceased to handle or administer workers' compensation claims against its insureds; instead, responsibility for handling those claims shifted to various state guaranty associations throughout the United States. See Exhibit "A."

4. At the time the Liquidation Order was entered, GPC International, Inc. and its subsidiaries (collectively, "GPC") were insureds of Reliance under a series of workers' compensation and employer's liability policies covering the time period from June 17, 1992 to June 30, 1995 (collectively, the "Reliance Policies") with policy numbers VK 1733912 01, VK 1733935 00, VK 1733912 02 and VK 1733912 03. Each of the Reliance Policies contained a separately-negotiated retrospective premium endorsement providing for adjustments to GPC's estimated premium based on its actual claims experience. See true and correct copies of the relevant portions of the Reliance Policies attached as Exhibit "B" hereto.

5. In reviewing the Reliance Policies, it appears that they were issued by Reliance through a broker in New York, to GPC's corporate headquarters in New York, and covered GPC's employees in multiple states throughout the country, including New York. See Exhibit "B."

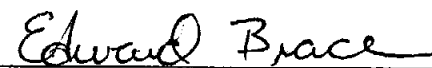
6. At the time the Liquidation Order was entered, there were a number of open workers' compensation claims under the Reliance Policies for GPC employees, including claims for two California-based employees, Frank Jamaica and Darrell Marshall.

7. Following the Liquidation Order, the claims files for Jamaica and Marshall were transferred to the California Insurance Guaranty Association ("CIGA"), which assumed complete responsibility for the claims.

8. Reliance exercises no control over CIGA which is an entity created by California law to cover claims under an insolvent insurer's policies. CIGA is funded by assessments of all admitted workers' compensation carriers in California. CIGA is independent from Reliance, which does not control, direct or supervise CIGA's handling of claims under the Reliance Policies.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on April 28, 2006.


Edward Brace